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New Opportunities in Entrepreneurship: A Guide on How to Say NO

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Entrepreneurs, when setting the course of their ventures, can be faced with multiple viable courses of action. Even after the initial pathway has been chosen and resources have been committed, new opportunities to pivot to more lucrative pathways or to simply expand can keep emerging. These opportunities could very well drive greater commercialization of the ventures' underlying assets and capabilities. However, should entrepreneurs say yes to all financially and commercially viable opportunities?

We talked to 30 technology-driven entrepreneurs based in Belgium. Most of them were dealing with the effects of the pandemic, supply-chain issues, and geopolitical tensions. By looking at their key decisions up to that point, we distilled some 'rules of thumb' for navigating both rough and calm periods through strategic avoidance of some new opportunities. These rules provide a snapshot of how entrepreneurs say no and can be used as a blueprint to avoid being overwhelmed because you don't know what to do about a new opportunity.

These simple rules fall into one of three categories. These include financial prioritization rules, strategic prioritization rules, and dynamic optimization rules. The rules below will show you how certain entrepreneurs reject opportunities and perhaps provide you with concrete advice or inspiration for rules of your own.

Financial prioritization rules

These rely on simpler versions of cost-benefit and other financial analyses and help entrepreneurs work through typical trade-offs inherent in pursuing growth with limited means. You could try to:

- Validate feasibility and need before investing
- Assess and prioritize high ROI opportunities only

For example, one entrepreneur we interviewed explained how they quickly assess opportunities by using the rule "if there's a big market, but you need to develop for three years to have a product for that market, then maybe it's not worth the effort". Using this straightforward rule allows the entrepreneur to invest only in opportunities where the upfront investment and time to break-even can be balanced to achieve their venture's milestones with greater certainty.

Strategic prioritization rules

Non-financial inputs and outputs are another important consideration that is used to guide opportunity prioritization by entrepreneurs. So, try to:

- Respect your mission and identity
- Focus on what you can do best

Several entrepreneurs in our sample, when asked to explain their decisions of NOT entering a lucrative adjacent market or serving a valuable new customer, responded with a variation of “that’s not who we are/that’s not what we want to be known for”. Therefore, identity, both achieved and desired, provides simple rules for opportunity prioritization.

Similarly, if responding to a new opportunity could take the venture into two disparate markets and/or would require different competencies and workflows within the organization, then saying no to be able to focus can be a justifiable choice.

Dynamic optimization rules

Given the uncertainties and evolving dynamics typically faced by young ventures, almost all entrepreneurs intuitively recognize or learn from experience that the rules they rely on need to remain adaptive. Therefore, most entrepreneurs had a set of meta-rules that helped them prevent rigidities in their decision-making and opportunity management. One concrete suggestion is to:

- Keep an opportunity log

An entrepreneur we spoke to showed us their declined opportunity log, which they periodically and opportunistically revisit to check if the assumptions and conditions that justified the initial ‘no’ still hold up. Such dynamic optimization rules allow the entrepreneurs to ensure that helpful guardrails don’t become straitjackets.

Our research shines light on the necessity of saying no and the simple rules that entrepreneurs can use to decide when to say it. This approach ensures that entrepreneurs can keep their venture growing without overstretching its resources (or themselves) and that their decisions are made efficiently. Thus, striking a balance between flexibility and commitment and between inertia and chaos.

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